



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

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June 27, 2001

CERTIFIED RETURN RECEIPT
7000 0520 0021 7582 9811

Mr. W. Wesley Emerson
Peak Minerals – Azomite, Inc.
607 State Highway 165, Suite 8
P.O. Box 6588
Branson, Missouri 65615-6588

Re: Notice of Potential Non-Compliance & Division Directive, Trace Mine/Aumco Claim, S/039/001, Sanpete County, Utah

Dear Mr. Emerson:

On June 19, 2001, the Division inspected your Trace Mine (inspection memo attached). The disturbed area appeared to have exceeded the five acre limit for a small mining operation. Accordingly, Division staff used a Trimble GPS unit to survey the disturbed area. Expanding beyond the approved five acre disturbed area before submitting a large mining notice and receiving Division approval is a violation of rule R647-3-113. The results of the June 21, 2001 GPS survey, identified 5.84 acres of disturbance in Section 4, T17S, R1W, Sanpete County. Upon returning to the office, Division staff reviewed the file and discovered the small mine permit was amended in August of 2000, to include an additional ½ acre in Section 32, T16S, R1W. This area was not inspected. If an additional ½ acre of disturbance has been created in Section 32, this site could be at 6.34 acres of disturbance.

Peak Minerals – Azomite Inc. is hereby directed to contact the Division within 10 days of your receipt of this letter to schedule a meeting to discuss options to remedy this situation.

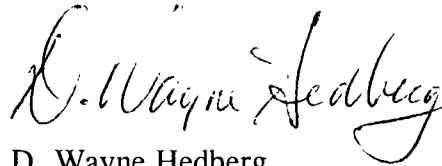
Please contact Vicki Southwick, Executive Secretary, at (801) 538-5304 to arrange a meeting with the Associate Director to resolve this matter. Peak Minerals – Azomite Inc.'s failure to respond accordingly may result in the issuance of a formal Notice of Non-Compliance. This enforcement action could require an immediate suspension of mining operations, the filing of a large mine permit application and the posting of a transitional reclamation surety at \$5,000/acre.

Page 2
W. Wesley Emerson
S/039/001
June 27, 2001

Until this issue is resolved, you must restrict your mining operations to the 5-acre area identified in your original Small Mining Notice of Intention. You should also mark the boundary of this five acre area with appropriate markers to ensure that operations are not conducted outside of the permitted area.

If you have any questions regarding the requirements of this notice, please contact me at (801) 538-5286, or Lynn Kunzler at 538-5310. Thank you for your immediate attention to this matter.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with the first name "D." and last name "Hedberg" clearly legible.

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosures: Inspection memo
cc: Mary Ann Wright, DOGM
Lynn Kunzler, DOGM
S39-01-ltr .doc